



DEPARTMENT OF HUMAN SERVICES – CHILD AND FAMILY SERVICES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

BUDGET BRIEF

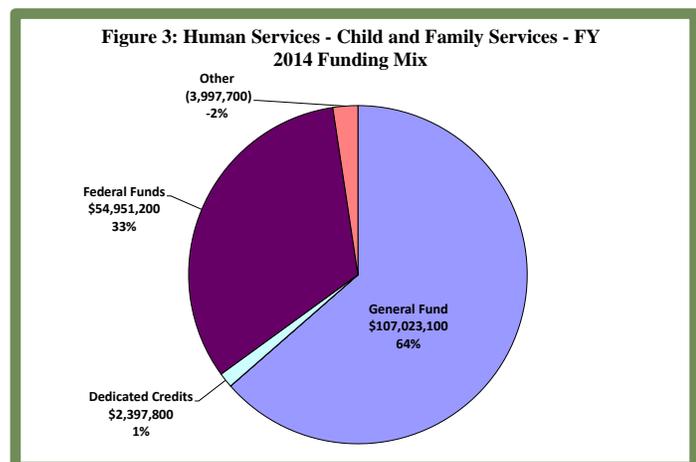
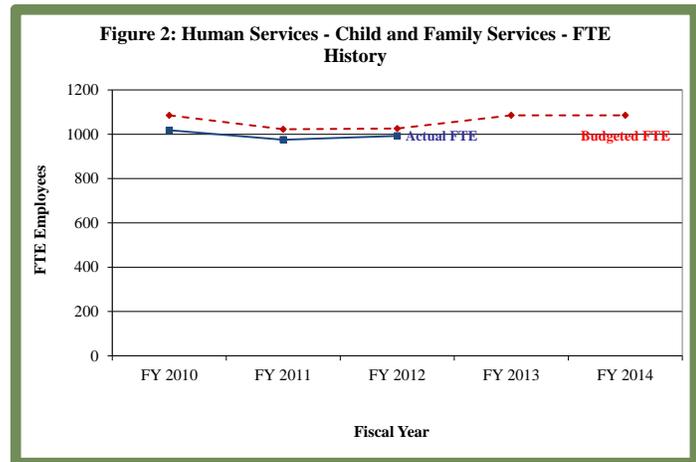
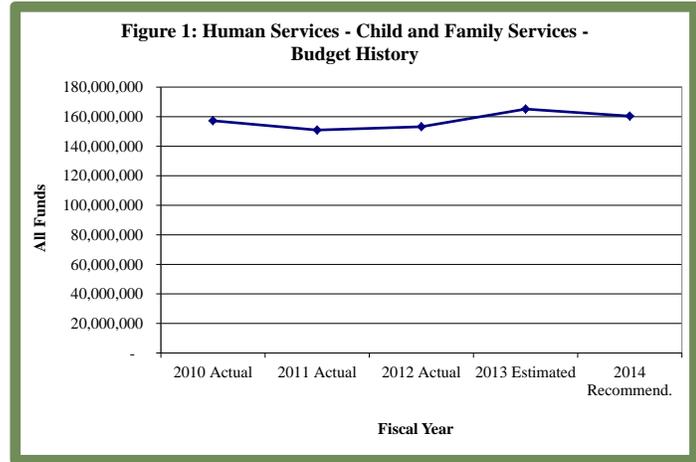
SUMMARY

The Fiscal Analyst’s FY 2014 recommended budget is \$160,374,400 for the Division of Child and Family Services (DCFS) line item. This recommendation is \$4,805,700 less than the FY 2013 revised budget. This funding level supports 1,086 FTE. This brief highlights some issues in the Division of Child and Family Services as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Fiscal Analyst recommends the Subcommittee approve the \$160,374,400 FY 2014 recommended budget, a one-time FY 2013 General Fund reduction of \$1,500,000 to fund other Legislative budget priorities, and two proposed intent language statements.

LEGISLATIVE ACTION

1. For the Division of Child and Family Services, the Fiscal Analyst recommends an FY 2014 budget of \$160,374,400 as shown in Table 1 on page 5. This budget decreases General Fund by \$66,700 and increases Transfers from Medicaid by the same amount to reflect a change in the Federal Medical Assistance Percentage (FMAP) rate.
2. The Fiscal Analyst also recommends the subcommittee approve the following items of intent language:

Under Section 63J-1-603 of the Utah Code, the Legislature intends that any remaining funds provided by Item 21, Chapter 14, Laws of Utah, 2012, for the Division of Child and Family Services not lapse at the close of FY 2013. It is further the intent of the Legislature that these nonlapsing funds be used for one-time purposes in Adoption Assistance, Out of Home Care, Service Delivery, In-Home Services, Special Needs, or SAFE Management Information System modernization. The Legislature further intends DCFS routinely report at both interim and General Session subcommittee meetings as well as to the Office of the Legislative Fiscal Analyst on the SAFE Management Information System modernization project’s status, current cost estimates, and organizational efficiencies and worker productivity anticipated and realized from the modernization project.



The Legislature intends to reinvest nonlapsing state funds originally appropriated for Adoption Assistance non-IV-E monthly subsidies for any children that were not initially Title IV-E eligible in foster care, but that qualify for Title IV-E adoption assistance monthly subsidies under eligibility exception criteria specified in P.L. 112-34 [Social Security Act Section 473(e)]. These funds shall only be used for child welfare services allowable under Title IV-B or Title IV-E of the Social Security Act.

3. The Fiscal Analyst recommends the Subcommittee reduce DCFS General Fund \$1,500,000 one time in FY 2013 and allow DCFS to supplant that General Fund with its nonlapsing balances. The Fiscal Analyst recommends the Subcommittee use the \$1,500,000 one-time General Fund in FY 2014 to partially fund the \$3,500,000 Mental Health Early Intervention Services building block request as discussed in the budget brief *Department of Human Services – Substance Abuse and Mental Health* (2013 General Session).

OVERVIEW

The Division of Child and Family Services is “the child, youth, and family services authority of the state.” Its primary purpose is to provide child welfare services. The division shall also, “... when possible and appropriate, provide preventive services and family preservation services...” Furthermore, the division shall “provide domestic violence services in accordance with federal law.” By statute, DCFS is to provide child abuse prevention services, child protective services, shelter care, foster care, residential care, adoption assistance, health care for children in state custody, family preservation, protective supervision, and domestic violence preventive services. For additional detailed information on DCFS, see the *Compendium of Budget Information* prepared for the 2013 General Session at: http://le.utah.gov/lfa/reports/cobi2013/agcy_200.htm

ISSUES

FY 2014 Budget Adoption

Adoption of the FY 2014 budget enables the programs to continue for the next fiscal year at the level outlined. Some changes in the budget may occur, namely non-state fund increases or decreases (i.e. federal funds, transfers, dedicated credits and non-lapsing balances) and program shifts within a line item.

Department Requests for Consideration

The department requests the following actions from the subcommittee for Child and Family Services:

1. ***Provide \$823,300 Ongoing General Fund for FY 2014 for Out of Home Services:*** DCFS is statutorily responsible to provide substitute care for dependent, abused, neglected, and delinquent children ordered into DCFS custody by the courts. Overall the numbers of children in care is trending downward. However, there is an increase in the numbers and costs for children in custody with severe needs. These are children who require high cost, individualized residential treatment services. Children requiring high cost residential services typically have multiple diagnoses including intellectual disabilities along with other serious issues such as behavioral problems, sexual reactivity, or mental illness. Some of these children are waiting to be added to the Services for People with Disabilities Medicaid waiver after the courts have determined that returning home is no longer an option. DCFS has a nonlapsing fund balance of \$7,254,000 as of July 1, 2012. The divisions states that, “Nonlapsing authority for FY 2013 will likely meet a portion of the needed funds for these services, if approval is granted to use these funds for ongoing services. Once nonlapsing funds are gone, additional funds will be needed to support children in out of home care.” The Governor does not recommend funding this request.
2. ***Provide \$253,500 Ongoing General Fund for FY 2014 (\$263,900 total funds, including \$10,400 federal funds) for a Foster Parent Rate Increase:*** As previously mentioned, DCFS is responsible to provide substitute care for dependent, abused, neglected, and delinquent children ordered into DCFS custody by the courts. Foster parents are a key component in caring for children in custody. DCFS states, “Daily rates paid to foster parents are insufficient to meet basic client needs. Utah’s foster parent rates are lower than those of surrounding states.” Foster parent rates were lowered as part of budget reductions in the 2009 General Session. This request has two components: 1) \$188,900 General Fund to restore foster parent rates back to 2009 General Session levels and 2) \$64,500 General Fund to make rates paid by DCFS to disability providers consistent with the rates paid by the Division of Services for People with Disabilities to those same providers.

A 2011 Legislative audit recommended “DCFS should proactively monitor placements and implement cost-saving changes.” The audit further stated “DCFS regions are placing children with proctor providers (private companies) that are over \$30 per day more expensive than placing children in lower cost, structured foster homes that meet the child’s needs. There are too few parents trained to provide structured foster homes, resulting in an overdependence on private providers.” ([A Performance Audit of The Division of Child and Family Services](#), p. ii). DCFS states: “Adequate rates for foster homes are important to be able to meet this recommendation.”

The Governor does not recommend funding this request. *Should additional resources become available to the Subcommittee, the Fiscal Analyst would recommend an increase of \$253,500 from the General Fund for this request.*

3. **Provide \$474,000 Ongoing General Fund for FY 2014 to Address Higher Demand for Family Violence Shelters and Support Services:** DCFS provides federal and state funds to 12 private domestic violence shelters throughout Utah to serve adult and child victims of family violence. DCFS will distribute \$3,230,400 for FY 2013. DCFS distributes the state funds based upon three criteria: 1) a \$100,000 base amount for all 12 shelters, 2) a \$10,000 rural differential to seven rural shelters, and 3) \$838,900 distributed based upon a shelter’s percentage of total shelter days provided (averaged across three years). DCFS has determined that the best indicator of need is shelter days provided. Shelter days provided has increased on average 6.3 percent annually for each of the last five years while state and federal funding has remained relatively constant during the same period. DCFS indicates that shelters had to deny 2,515 requests for services in the past year. DCFS is requesting additional funding to address the higher demand for family violence shelter and support services in Utah. The Governor has recommended funding \$250,000 ongoing from the General Fund for FY 2014 for Domestic Violence Shelters. *Should additional resources become available to the Subcommittee, the Fiscal Analyst would recommend an increase of \$250,000 from the General Fund for this request.*

4. **Authorize the following items of intent language recommended by the Governor:**

Under Section 63J-1-603 of the Utah Code, the Legislature intends that any remaining funds provided by Item 21, Chapter 14, Laws of Utah, 2012, for the Division of Child and Family Services not lapse at the close of FY 2013. It is further the intent of the Legislature that these nonlapsing funds be used for one-time purposes in Adoption Assistance, Out of Home Care, Service Delivery, In-Home Services, Special Needs, or SAFE Management Information System modernization.

The Fiscal Analyst recommends the following language be added to the DCFS nonlapsing intent language (shown above) requiring regular progress reports of the \$9.9 million SAFE system modernization project: *“The Legislature further intends DCFS routinely report at both interim and General Session subcommittee meetings as well as to the Office of the Legislative Fiscal Analyst on the SAFE Management Information System modernization project’s status, current cost estimates, and organizational efficiencies and worker productivity anticipated and realized from the modernization project.”*

The Legislature intends to reinvest nonlapsing state funds originally appropriated for Adoption Assistance non-IV-E monthly subsidies for any children that were not initially Title IV-E eligible in foster care, but that qualify for Title IV-E adoption assistance monthly subsidies under eligibility exception criteria specified in P.L. 112-34 [Social Security Act Section 473(e)]. These funds shall only be used for child welfare services allowable under Title IV-B or Title IV-E of the Social Security Act.

The federal *Fostering Connections Act* changed Title IV-E adoption assistance to allow for federal funding to assist a larger portion of children adopted from foster care by making the qualifying criteria less restrictive. The criteria will now only be the age of the child and certain court order requirements, number of months a child is in foster care, or being the sibling of a foster child that qualifies under the new criteria. These new, less restrictive requirements are being phased in over a ten year period. This change in the federal law also requires states to use any state funds that would have previously been required for adoption assistance instead on child welfare services to families and children allowable under Title IV-E and IV-B of the federal *Social Security Act*. Federal law requires DCFS to be able to document how funds are spent relative to this requirement. The Fiscal Analyst recommends approval of this intent language.

YEAR END NONLAPSING BALANCES

Since 2007, DCFS has carried forward between 3.9 percent and 7.4 percent of its General Fund appropriation at the end of each fiscal year ranging in size from \$3.8 million to \$7.8 million. DCFS has a nonlapsing fund balance of \$7,254,000 as of July 1, 2012. For a chart showing more detail for fiscal years 2007 through 2012, see Table 2 found in issue brief *Human Services Related Revenue Options* (2013 General Session). *The Fiscal Analyst recommends the Subcommittee reduce DCFS General Fund \$1,500,000 one time in FY 2013 and allow DCFS to supplant that General Fund with its nonlapsing balances. The Fiscal Analyst recommends the Subcommittee use the \$1,500,000 one-time General Fund in FY 2014 to partially fund the \$3,500,000 Mental Health Early Intervention Services building block request as discussed in the budget brief Department of Human Services – Substance Abuse and Mental Health (2013 General Session).*

SAFE SYSTEM MODERNIZATION

SAFE is a computer system used by DCFS to provide for child abuse and neglect case management. SAFE was written using older software language that is currently more difficult to support, not internet browser-based and cannot be modified to run on mobile devices, and not consistent with current Department of Technology database standard platforms. DCFS is currently moving to more modern technology providing a browser-based environment with which most DCFS workers are more familiar. Further information is provided on this topic in the issue brief *SAFE Modernization in the Division of Child and Family Services* (2013 General Session). The Fiscal Analyst recommends inclusion of intent language requiring regular progress reports of the \$9.7 million SAFE system modernization project.

DCFS PERFORMANCE AUDIT FOLLOW UP

Intent language passed in item 100 of House Bill 2, *New Fiscal Year Supplemental Appropriations Act* (2012 General Session), instructed DCFS to report back during the 2013 General Session regarding actions and progress on specified items from the Auditor General’s performance audit of DCFS. For this report see the issue brief *DHS Follow Up on DCFS Performance Audit* (2013 General Session).

ACCOUNTABILITY DETAIL

For an eight year history of performance measures used by the division, see the issue brief *Division of Child and Family Services Performance Measures* (2013 General Session).

BUILDINGS

For a discussion of buildings used by the Division of Child and Family Services, see the Department of Human Services In-depth Budget Review found at <http://le.utah.gov/interim/2010/pdf/00001613.pdf> pages 79 through 86. For a listing of those buildings see the Department of Human Services In-depth Budget Review Appendix 3, pages 29 through 30 at <http://le.utah.gov/interim/2010/pdf/00001614.pdf>.

BUDGET DETAIL

The following table shows the budget history for the Division of Child and Family Services and its FY 2014 Recommended Budget. This proposed FY 2014 Budget consists of the ongoing portion of FY 2013 state funds (General Fund and various restricted funds) plus the most recent estimates of other funds (federal funds, dedicated credits collections and various transfer or carry over funds). Estimated expenditures are then proposed based upon available funding.

Human Services - Child and Family Services						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	105,345,100	107,089,800	0	107,089,800	(66,700)	107,023,100
General Fund, One-time	(3,709,300)	(1,390,000)	(1,500,000)	(2,890,000)	2,890,000	0
Federal Funds	52,782,900	54,435,400	1,818,900	56,254,300	(1,303,100)	54,951,200
American Recovery and Reinvestment Act	1,000	0	0	0	0	0
Dedicated Credits Revenue	2,372,600	2,495,700	(97,900)	2,397,800	0	2,397,800
GFR - Children's Account	400,000	400,000	0	400,000	0	400,000
GFR - Choose Life Adoption Support Account	25,000	25,000	0	25,000	0	25,000
GFR - Domestic Violence	959,500	968,600	0	968,600	0	968,600
Transfers - Medicaid	(5,660,700)	(7,109,100)	841,300	(6,267,800)	991,400	(5,276,400)
Transfers - Other Agencies	(26,900)	22,100	(75,800)	(53,700)	0	(53,700)
Transfers - Within Agency	310,500	329,000	(326,900)	2,100	(63,300)	(61,200)
Beginning Nonlapsing	7,809,300	292,600	6,961,400	7,254,000	(7,254,000)	0
Closing Nonlapsing	(7,254,000)	0	0	0	0	0
Lapsing Balance	(141,700)	0	0	0	0	0
Total	\$153,213,300	\$157,559,100	\$7,621,000	\$165,180,100	(\$4,805,700)	\$160,374,400
Programs						
Administration - DCFS	3,577,000	3,664,400	464,200	4,128,600	18,800	4,147,400
Service Delivery	68,639,600	72,045,600	2,477,400	74,523,000	(1,889,500)	72,633,500
In-Home Services	1,751,500	2,506,900	326,100	2,833,000	(449,300)	2,383,700
Out-of-Home Care	39,226,400	37,997,000	1,907,300	39,904,300	(972,200)	38,932,100
Facility-based Services	3,554,100	4,123,200	15,400	4,138,600	(113,000)	4,025,600
Minor Grants	5,943,100	5,383,000	851,400	6,234,400	(419,600)	5,814,800
Selected Programs	3,674,500	3,458,000	0	3,458,000	0	3,458,000
Special Needs	1,964,000	2,075,400	33,100	2,108,500	0	2,108,500
Domestic Violence	4,867,800	6,056,600	(526,200)	5,530,400	0	5,530,400
Children's Account	399,900	400,000	0	400,000	0	400,000
Adoption Assistance	14,319,400	14,699,100	150,900	14,850,000	(666,900)	14,183,100
Child Welfare Management Information System	5,296,000	5,149,900	1,921,400	7,071,300	(314,000)	6,757,300
Total	\$153,213,300	\$157,559,100	\$7,621,000	\$165,180,100	(\$4,805,700)	\$160,374,400
Categories of Expenditure						
Personnel Services	61,675,400	64,015,900	1,640,000	65,655,900	600	65,656,500
In-state Travel	522,500	526,600	58,300	584,900	(19,800)	565,100
Out-of-state Travel	68,400	44,600	35,000	79,600	(1,700)	77,900
Current Expense	16,245,100	16,776,000	1,420,100	18,196,100	(1,683,300)	16,512,800
DP Current Expense	4,987,300	4,521,100	2,784,800	7,305,900	(578,800)	6,727,100
DP Capital Outlay	139,300	0	0	0	0	0
Other Charges/Pass Thru	69,575,300	71,674,900	1,682,800	73,357,700	(2,522,700)	70,835,000
Total	\$153,213,300	\$157,559,100	\$7,621,000	\$165,180,100	(\$4,805,700)	\$160,374,400
Other Data						
Budgeted FTE	1,026	1,055	30	1,086	0	1,086
Actual FTE	993	0	0	0	0	0
Vehicles	197	197	0	197	0	197

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Table 1